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1035 Murdoch Ave.
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104 South Sugar St.
St. Clairsville, OH 43950
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Certified Public Accountants, A.C.

**VILLAGE OF WINDHAM
PORTAGE COUNTY
Agreed-Upon Procedures
For the Year Ended December 31, 2015**

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Windham
9621 East Center Street
Windham, Ohio 44288

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Windham, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Windham is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 2, 2016

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VILLAGE OF WINDHAM
PORTAGE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

May 15, 2016

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

To the Village Council, Mayor, and Management:

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the **Village of Windham**, Portage County, Ohio (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2015, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2014 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2015 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.



...*"bringing more to the table"*

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Cash (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2015 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions. However, we noted a portion of the Property Tax Receipt was recorded as Other Financing Sources instead of Property and Other Local Taxes.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger to determine whether it included two real estate tax receipts for 2015. We noted the Revenue Ledger included the proper number of tax receipts for the year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015. We also selected five receipts from the Portage County Vendor Invoice List Report from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions. However, we noted one property tax rollback receipt received from the State of Ohio was recorded as Property and Other Local Taxes instead of Intergovernmental. We noted no other exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2015.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the cash receipt. The amounts agreed.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.

Income Tax Receipts (Continued)

3. We selected five income tax refunds from 2015.
 - a. We compared the refund paid from the Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by the Income Tax Administrator.
 - c. We noted the refunds were paid from the General Fund as is required.

Water Operating and Sewer Operating Fund

1. We haphazardly selected 10 Water Operating Fund and Sewer Operating Fund collection cash receipts from the year ended December 31, 2015 recorded in the Revenue Ledger and determined whether the:
 - a. Receipt amount per the Revenue Ledger agreed to the amount recorded to the credit of the customer's account in the Utility Billing Transaction History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Transaction History Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Aged A/R By Cycle and Book Report.
 - a. We noted this report listed \$88,873.13 of accounts receivable as of December 31, 2015, respectively.
 - b. Of the total receivables reported in the preceding step, \$0 was recorded as more than 90 days delinquent for 2015. The Village switched to CMI from SSI during December 2015, thus all delinquents were 0 to 30 days in the new CMI system.
3. We read the Utility Billing Journal Adjustment Report.
 - a. We noted this report listed a total of \$72,748.45 non-cash receipts adjustments for the year ended December 31, 2015.
 - b. We selected five non-cash adjustments from 2015 and noted that the Village Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following loans and bonds outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
USDA Mortgage Revenue Bonds	\$1,205,900
Ohio Public Works Commission CG32P	\$47,500
Kansas State Bank Water Meters	\$60,467
Cortland Bank Administration Building	\$109,526

Debt (Continued)

2. We inquired of management, and scanned the Revenue Ledger and Payment Register Detail Report for evidence of debt issued during 2015 or debt payment activity during 2015. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of the debt activity for 2015 and agreed principal and interest payments reported from the related debt amortization schedules to the General Fund, Water Operating Fund, Sewer Operating Fund, Water Debt Fund, Water Debt Service, Sewer Debt Fund, and Sewer Debt Service Fund payments reported in the Payment Register Detail Report. We noted that principal and interest payments for the OPWC loan was recorded as Buildings and Structures instead of principal and interest and the Cortland Bank loan had an incorrect amount of principal and interest recorded. No other exceptions were noted. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 from Wage Detail Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether the remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employers share, where applicable, during the final withholding period of 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	January 4, 2016	\$ 2,176.76	\$ 2,176.76
State income taxes	January 15, 2016	January 21, 2016	\$ 1,497.68	\$ 1,497.68
Village of Windham income taxes	January 31, 2016	January 20, 2016	\$ 1,068.26	\$ 1,068.26
OPERS retirement	January 30, 2016	January 21, 2016	\$ 8,005.40	\$ 8,005.40
OP&F retirement	January 31, 2016	January 21, 2016	\$ 3,770.56	\$ 3,770.56

As noted above, the Village did not remit the state income taxes by the date due.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detailed Report for the year ended December 31, 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detailed Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction, Maintenance, and Repair, and Water Operating Funds for the year ended December 31, 2015. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system for the year ended December 31, 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Street Construction, Maintenance, and Repair, and Water Operating Funds of \$751,530, \$55,700, and \$460,000 respectively for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$642,787, \$71,020, and \$603,000, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2015 to determine whether, for the General, Street Construction, Maintenance, and Repair, and Water Operating Funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 for the following funds: General, Street Construction, Maintenance, and Repair, and Water Operating Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction, Maintenance, and Repair, and Water Operating Funds for the year ended December 31, 2015. We found no exceptions.

Compliance – Budgetary (Continued)

5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2015 for the General, Street Construction, Maintenance, and Repair, and Water Operating Funds, as recorded in the Appropriation Status Report. We noted that the Water Operating expenditures for 2015 exceeded total appropriations by \$1,911, contrary to Ohio Revised Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2015. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2015 Revenue Ledger and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund for the year ended December 31, 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Appropriation Ledger for the year ended December 31, 2015 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct Village roads (cost of project \$5,000- \$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the year ended December 31, 2015. We noted that the Village did not file notes as part of the annual financial reporting for 2015. No other exceptions were noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Auditor of State and others within the Village and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Dave Yost • Auditor of State

VILLAGE OF WINDHAM

PORTAGE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 14, 2016**